

DRAFT
22 January 1959

MEMORANDUM FOR: Director of Central Intelligence

FROM: CIA Career Council

SUBJECT: Reducing the Size of the Agency Staff

1. This memorandum contains recommendations submitted for Director of Central Intelligence approval. Such recommendations are contained in paragraph 5.

2. This paper is concerned with the reduction of the size of the Agency from the personnel management point of view. The various decisions made with regard to the size and composition of the operating units of the Agency will ultimately be translated into staffing authorizations of the Agency's Career Services. Once these Career Service staffing authorizations are firmed up, it will be possible to take the following steps in terms of personnel planning:

- a. Determine the numbers of persons by grade and specialty to be recruited in order to maintain essential operations and to continue the recruiting of Junior Officer Trainees.
- b. Establish new promotion rates for each Career Service taking into account such reductions in the size of the Career Services as have been decided upon.
- c. Determine the number of separations by Career Service and by grade required to bring down to strength those Career Services which must be reduced.

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d. Subtract from the number of separations established for each Career Service those separations which may be expected to take place as a result of voluntary resignation or retirement, mandatory retirement, illness and death. (Obviously the reliability of our figures in these fields, as applied to the various Career Services, will differ from case to case.) The resultant figure will be the number of persons by Career Service and grade to be separated at the instigation of the Agency.

3. From a personnel point of view, it is essential that the steps required to arrive at firm Career Service staffing authorizations be completed as promptly as possible. It is only on the basis of the authorized strength of the Career Services that decisions can be taken concerning the need to separate certain specific individuals. These decisions must be made by the Heads of the Career Services. After they have made their selection, a great deal of work will need to be done in order to effect the required number of separations. The files and evaluation reports of those persons nominated for selection-out must be brought into shape to reflect an honest appraisal of their performance. Individuals whose work is of borderline caliber must be warned and given an opportunity to show improvement, and individuals whom we wish to encourage to seek employment elsewhere must be given the earliest possible notification of this fact. Job hunting is a slow process.

4. It may be possible to accomplish the necessary number of separations without introducing extraordinary measures. In the past attrition and separation at the instigation of the Agency in the professional grades has been very slow. Promotion into and recruitment into these grades has been at a much higher rate. Thus, in order to reduce the size of the Agency's staff

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and to make such a reduction reasonably proportionate in terms of our grade structure, we are going to have to make our Career Service procedures work a good deal more effectively than we have in the past. And we may wish to introduce other means of stimulating personnel turnover. The various possibilities that exist and can be resorted to are outlined below.

a. ATTRITION

Attrition simply means the determination on the part of the Agency not to replace a certain number of individuals who leave. Understood in its broadest sense, any reduction achieved by the Agency will be achieved by attrition. In a more narrow sense it refers to the Agency's decision not to replace certain individuals who leave voluntarily. As pointed out above, we plan to arrive at voluntary attrition rates for each Career Service before we determine the number of persons by grade that must be removed from the roles of the Agency at our own instigation.

b. SELECTION OUT

The Selection-Out program was instituted 18 February 1958. It has as its objective the separation of those individuals who fail to meet Agency standards of performance or conduct.

Our experience with selection-out during the year 1958 cannot be regarded as typical of what this program can offer the Agency. During its first year of operation, the program centered on misfits and cases of outstandingly poor performance. A considerable percentage of the cases referred to the selection-out staff have been "handling" problems for years. Furthermore, many of the candidates for selection-out were in the lower grades. The selection-out staff

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devoted an inordinate amount of time to individual cases and accomplished very little in reducing the hard core of substandard personnel in the middle and higher grades.

As the program matures, we may expect to get cases less complex in nature and more adequately documented by the Career Service concerned. By increasing the size of the selection-out staff, streamlining some of our procedures, and by having the advantage of working with materials better prepared by the Career Services we expect to be able to handle two or three times as many cases as were handled in 1958, and without undue delay.

c. EARLY RETIREMENT

If it is possible for the Agency to obtain legislation providing for early retirement benefits, we will be in a position to follow the long-established practice of the military services whereby an individual at an advanced stage in his career, who fails to achieve promotion along with his contemporaries, may be separated without prejudice and provided with an annuity. In the discussion which follows, it will be seen that there are several different occasions in an individual's career with the Agency when this would be possible. Separation for failure to advance at an early stage in an individual's career can and should be accomplished under our present program. It would, of course, result in separation without annuity, but it is obviously not proper to pay an annuity to a young person who has been found not to measure up to Agency standards of performance or who is wanting in growth potential. In either case separation

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of individuals for failure to advance or to show potential would be limited to those individuals whose promotions are earned competitively (grades 9 and above) and who have clearly failed to develop or to show potential in a field which requires growth on the part of all who are in it. The performance of technicians, clerks and custodial personnel will be reviewed in terms of the positions they occupy. Thus, for example, a case officer or analyst might be separated for failing to achieve promotion from a grade 9 to an 11, whereas a translator might be held in grade 9 for an indefinite number of years without being considered for selection out.

In order to deal adequately with the Agency's hard core of surplus personnel, it is most necessary that we be in a position to pay some form of annuity or severance pay to those separated, because the hard core is, in part, made up of men and women who have worked in intelligence upwards to fifteen years. Many of them have had other Government service and will therefore qualify within the immediate future for an annuity or separation payment under one or another of the terms of our proposed early retirement legislation.

The role that our proposed retirement legislation could play in providing for the immediate reduction of personnel and for a permanently accelerated turnover is suggested by the following figures which represent the

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approximate numbers of people who would as of 30 June 1960 be eligible for retirement according to the various age brackets and retirement categories shown below.

1. Persons, age 62 or more (Retirement Mandatory)
2. Persons, age 60 to 62 (Retirement Mandatory)
3. Persons, age 55 to 60 with 25 years of Federal Service
(Retirement at discretion of the DCI)
4. Persons, age 50 to 60 (not included in 3 above) who
will have 20 years Federal Service
10 of which have been with CIA and
10 of which have been overseas,
5 of which have been with CIA
(Retirement at the discretion of the DCI)

Estimated total persons who might be retired (under any of the retirement categories listed above) as of 30 June 1960

5. Persons, age 50 or below, who are selected-out with limited annuity or severance pay. The major portion of the Agency's personnel fall in this age category. Further, the majority of those persons who are reaching the qualifying levels for overseas service are in the "under 50" age bracket.

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- 1/ In addition to the ☐ persons listed in 3 above, there are ☐ who are over 60 and have 25 years of Federal Service. These ☐ have already been counted in 1 or 2 above.

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- 2/ In addition to the ☐ persons listed in 4 above, there are ☐ who are over 60 and will have the requisite 20-10-10-5 Service. The ☐ have already been counted in 1 or 2 above.

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d. RETIREMENT BOARD

Numerous commercial and Governmental establishments now have formal programs to bring under review the status and future prospects of personnel approaching voluntary retirement ages. In some cases such arrangements take the form of Retirement Boards or Committees, composed of senior staff and operating officials of the companies or agencies concerned. Reports of the functioning of these activities indicate that programmed deliberations at this level are often successful in bringing about voluntary retirements upon attainment of age and service levels which provide entitlements to full annuities. Such board or committee arrangements are generally supplemented by formal staff programs for providing assistance to the boards and to employees in pre-retirement planning work. The overall result of these programs is to clarify, in a systematic way, the continued roles which persons may expect to have in the organization as they approach retirement age, and to provide on a planned basis for their transition from careers in the organization to other spheres of activity.

e. CONVERSION OF STAFF EMPLOYEES TO CAREER AGENT STATUS

Among intelligence officers in grades 12 through 15 there are a number of capable operators who could very well spend the remainder of their active careers overseas under non-official cover. This is not a large group. It is recognized that a considerable effort will be required to convert these men to career agent status. However, with official cover shrinking, the return to an overcrowded headquarters of the field's excess personnel and the requirement to cut, we should once more review the possibilities that this plan offers.

f. OUT-PLACEMENT

When the out-placement program was announced during 1958, nothing that was said about it could prevent it from being viewed as simply a means of cushioning the blow of selection-out. Now, although this is a perfectly proper use of our out-placement staff, there is no reason why the program should be restricted to selection-out cases. And it must be pointed out that a mediocre person resigning from, or any person separated by, the Agency is at a great disadvantage on the labor market in Washington. In 1956, a staff study submitted to the Deputy Director (Plans) showed that some of our strongest people might well round out their personal careers outside the

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point of view. Such opportunity is also attractive to our type of officer.

The question might reasonably be asked why nothing has been done about this proposal during the past two years. Up to the present time we have felt that we could not afford to lose any of our key senior people. It is now generally accepted that it will be impossible to accommodate within the grade structure of the Agency all of the present senior group and at the same time to develop and reward those immediately junior to them. Some thinning out at the top is necessary.

g. EXCHANGE ARRANGEMENT WITH THE CIVIL SERVICE COMMISSION

The possibility that we will want to quite drastically reduce

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the advantages and disadvantages of arriving at an understanding with the Civil Service Commission which would permit our people to acquire Civil Service status, thus making it possible for us to place individuals elsewhere in Government on a scale which is not feasible at the present time. The Atomic Energy Commission has such an arrangement. Mr. Siciliano, the Personnel Advisor to the President, has encouraged us to move in this direction. He has pointed out that Government-wide personnel requirements include a great variety of openings. People whom we regard as "locked up" in CIA might well find opportunities if this channel were opened. We should not commit ourselves to an exchange arrangement with the Civil Service Commission, but we should explore this matter officially and openly with the Commission in the hope that we can come up with proposals that will benefit the Agency.

5. It is recommended that:

- a. Revised staffing authorizations to account for any Agency reduction in strength be completed for FY 1960 by 1 July 1959.
- b. The Director of Personnel proceed with plans to establish a Retirement Board.
- c. The Deputy Director (Plans) be instructed to canvass operational personnel in headquarters and to convert to career agent status those who can be used as agents.
- d. The Deputy Directors be called upon to nominate 2% of their satisfactory professional personnel as potential candidates for out-placement or explain to the Career Council why this cannot or should not be done.

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e. The Deputy Director (Support) be instructed to enter into negotiations with the Civil Service Commission for the purpose of determining the feasibility and desirability of conveying Civil Service status to qualified CIA employees.

Gordon M. Stewart
Chairman
CIA Career Council

The recommendations in paragraph 5 are approved.

Director of Central Intelligence

Date